NORTHWEST MINNESOTA

ECONOMIC DEVELOPMENT REGIONS 1, 2, 4, 5

Covering the following counties:

Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin

2015 REGIONAL PROFILE

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DEMOGRAPHICS

POPULATION CHANGE, 2000-2014

Northwest Minnesota is a mostly rural, 26-county region located in the central and northwest area of the state. According to population data from the Census Bureau, Northwest was home to 558,673 people in 2014, accounting for 10.2 percent of the state's total population. That made it the 3rd largest of 6 planning areas in the state.

Table 1. Population Change 2000-2014

	2000 Population	2014 Estimates	*2000-2014 Change Number*	*2000-2014 Change Percent*
Northwest Minnesota	**526,792**	**558,673**	***+31,881***	***+6.1%***
EDR 1 - Northwest	88,472	85,975	*-2,497*	*-2.8%*
EDR 2 - Headwaters	76,161	84,451	*+8,290*	*+10.9%*
EDR 4 - West Central	210,059	225,592	*+15,533*	*+7.4%*
EDR 5 - North Central	152,100	162,655	*+10,555*	*+6.9%*
State of Minnesota	**4,919,479**	**5,457,173**	***+537,694***	***+10.9%***

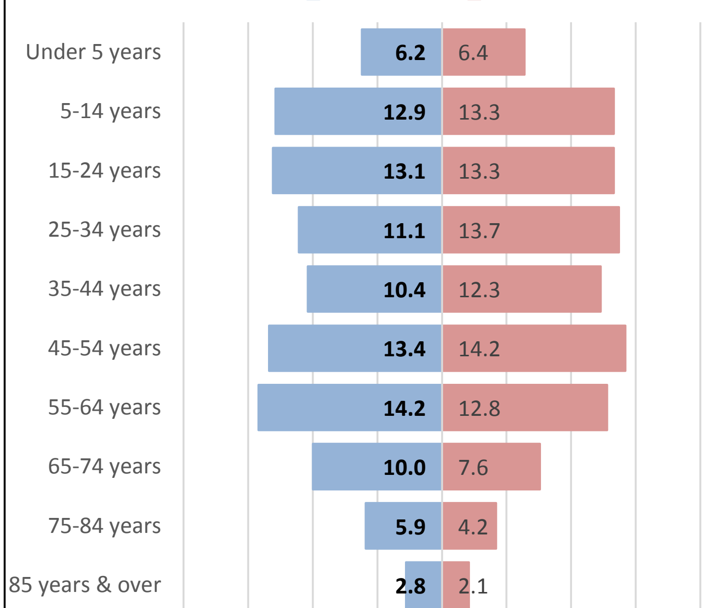
Source: U.S. Census Bureau, Population Estimates

One of the fastest growing non-metro areas in the state, Northwest saw its population increase by nearly 32,000 residents from 2000 to 2014, a 6.1 percent increase, as compared to a 10.9 percent rise statewide. With 225,592 people, economic development region (EDR) 4 - West Central is the largest EDR in the area, and the 5th largest of 13 in the state. After also growing 10.9 percent, EDR 2 - Headwaters was the fastest growing region in the area and 4th fastest in the state, equal to the state growth rate (see Table 1).

POPULATION BY AGE GROUP, 2000-2013

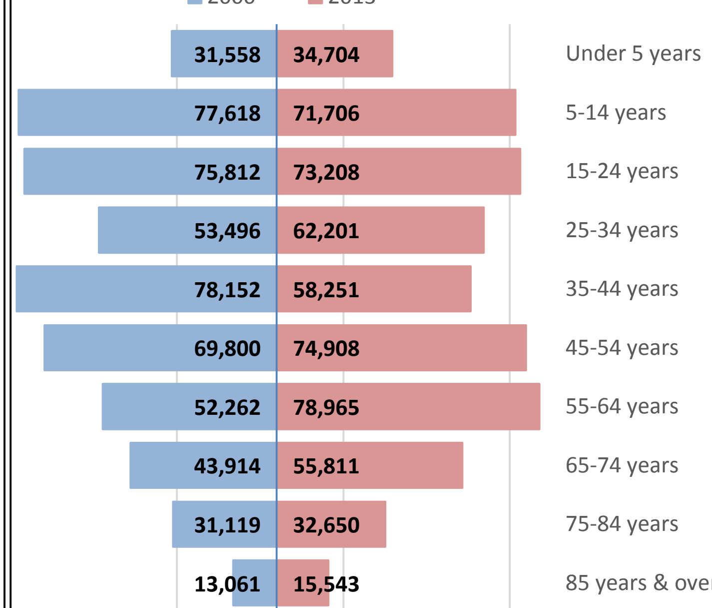
Northwest's population is older than Minnesota as a whole. One-third of the population in the region is above the age of 55, compared to less than 27 percent statewide. In contrast Northwest had over 5.0 percent fewer people in the 25 to 54 year-old age group, typically considered the "prime working years." About one-third of the area's population was a part of the Baby Boom generation, which is creating a significant shift in the population over time. While the number of young residents under 25 years of age is declining, the number of residents aged 45 years and over has rapidly increased (see Figure 1 and Figure 2).

Figure 1. Percentage of Population by Age Group, 2013



Source: U.S. Census Bureau, American Community Survey

Figure 2. Northwest Population Pyramid, 2000-2013



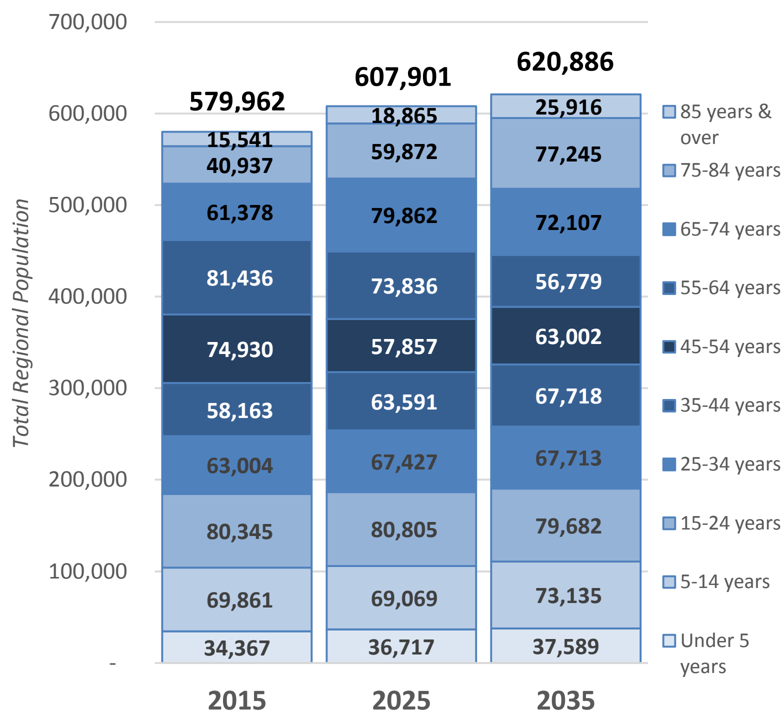
Source: U.S. Census Bureau, American Community Survey

POPULATION PROJECTIONS BY AGE GROUP, 2015-2035

After welcoming strong population growth in the past decade, Northwest Minnesota is projected to enjoy an increase in the next twenty years as well. According to population projections from the Minnesota State Demographic Center, the area is expected to gain over 40,000 net new residents from 2015 to 2035, a 7.1 percent increase (see Figure 3). In comparison, the state of Minnesota is projected to grow 10.8 percent in the next two decades.

Much of this population growth is expected to be in the older age groups. Northwest is projected to add more than 57,000 people aged 65 years and over, a 49 percent expansion. The region is also expected to gain over 14,000 people in the 25 to 44 year old age group, 3,000 children under 5 years of age, and 2,500 school-aged children and young adults from 5 to 24 years of age. However, the region is also projected to lose 35,000 residents aged 45 to 64 as the Baby Boom generation ages out of those cohorts.

Figure 3. Northwest Minnesota Population Projections by Age Group, 2015-2035



Source: Minnesota State Demographic Center

POPULATION BY RACE, 2013

The population in Northwest is less diverse than the state overall, but is becoming more diverse over time. In 2013, over 92 percent of the region's residents reported White alone as their race, compared to 85.6 percent of residents statewide. The region had a much smaller percentage of Black or African American residents, Asian or Other Pacific Islanders, people of Some Other or Two or More Races, and those of Hispanic or Latino origin. However, these race groups – except some other race – increased in population by more than 60 percent in the region since 2000 (see Table 2). At 3.8 percent, Northwest had a much higher concentration of American Indian and Alaskan Natives, due to several Ojibwa tribes located throughout the planning area including those on the Leech Lake, Red Lake and White Earth reservations.

EDR 2 - Headwaters had the most diverse populace in the region, with 15 percent of residents reporting American Indian or Native Alaskan as their race. In contrast, at least 95 percent of residents in EDR 1, EDR 4, and EDR 5 reported being White alone.

Table 2. Race and Hispanic Origin, 2013	Northwest Minnesota			Minnesota	
	Number	Percent	*Change from 2000-2013*	Percent	*Change from 2000-2013*
Total	**555,236**	**100.0%**	***+5.4%***	**100.0%**	***+8.7%***
White	512,265	92.3%	*+3.6%*	85.6%	*+4.0%*
Black or African American	4,006	0.7%	*+177.0%*	5.2%	*+63.0%*
American Indian & Alaska Native	21,367	3.8%	*+11.4%*	1.1%	*+4.6%*
Asian & Other Pacific Islander	3,952	0.7%	*+63.4%*	4.2%	*+56.9%*
Some Other Race	2,993	0.5%	*-9.8%*	1.4%	*+17.4%*
Two or More Races	10,653	1.9%	*+78.6%*	2.5%	*+59.6%*
Hispanic or Latino	12,942	2.3%	*+61.9%*	4.8%	*+79.3%*

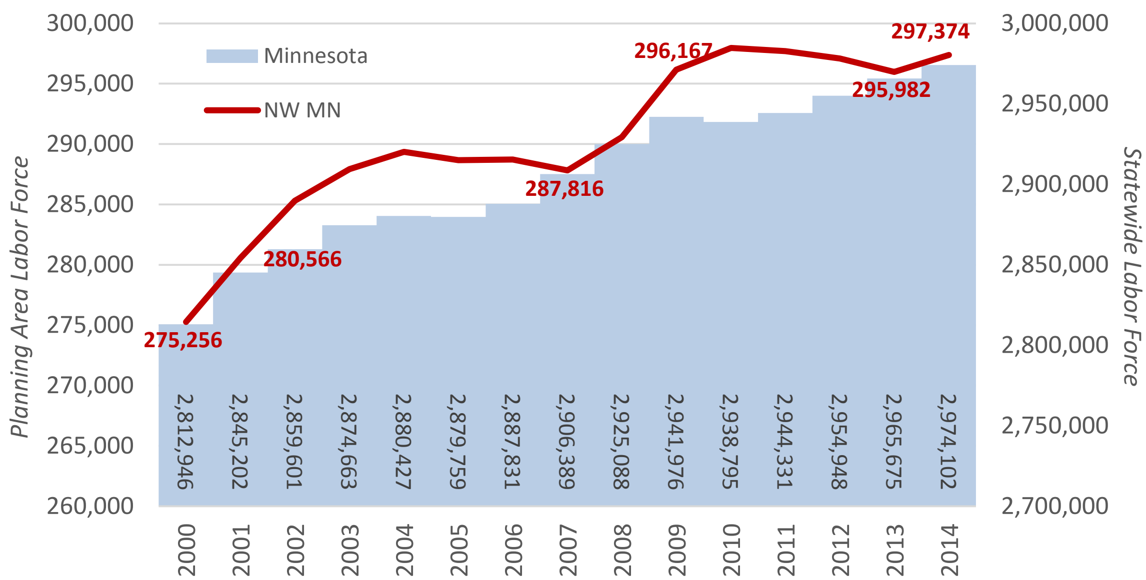
Source: U.S. Census Bureau, American Community Survey

LABOR FORCE

LABOR FORCE CHANGE, 2000-2014

According to data from DEED's Local Area Unemployment Statistics program, Northwest Minnesota had an annual average labor force count of just over 297,000 workers through 2014. In line with the region's population increase, Northwest added over 22,000 workers since 2000, increasing from 275,256 available workers in 2000 to 297,374 workers in 2014 (see Figure 4). This 8.0 percent increase in available workers was the second highest growth rate of the six planning regions in the state, behind just Central Minnesota and ahead of the Twin Cities. Northwest Minnesota added nearly 10,000 workers during the recession from 2007 to 2011, but since then has seen less growth.

Figure 4. Annual Labor Force Estimates, 2000-2014



Source: DEED Local Area Unemployment Statistics (LAUS)

LABOR FORCE PROJECTIONS, 2015-2025

Even if Northwest Minnesota's population changes at the projected rates shown in Figure 3 above, the region would be expected to see a decline in the labor force over the next decade. Applying current labor force participation rates to future population projections by age group creates labor force projections for the region, which show a small drop in workforce numbers due to the Baby Boom generation (see Table 3).

The labor force will see a significant shift over time, with small but rapid gains in the number of workers aged 65 years and over against huge declines in the number of workers aged 45 to 64 years. However, the region is still expected to see gains in the number of entry-level workers and 25 to 44 year olds, which will remain the largest segment of the workforce. This will lead to a tight labor market in the future, with employers needing to respond to changing labor force availability in the region.

Table 3. Northwest Minnesota Labor Force Projections

	2015 Labor Force Projection	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	20,112	19,479	*-632*	*-3.1%*
20 to 24 years	28,404	29,909	*+1,505*	*+5.3%*
25 to 44 years	106,021	114,641	*+8,620*	*+8.1%*
45 to 54 years	64,665	49,931	*-14,734*	*-22.8%*
55 to 64 years	55,376	50,208	*-5,168*	*-9.3%*
65 to 74 years	14,731	19,167	*+4,436*	*+30.1%*
75 years & over	3,276	4,567	*+1,291*	*+39.4%*
Total Labor Force	**292,584**	**287,901**	***-4,683***	***-1.6%***

Source: Minnesota State Demographic Center, 2009-2013 American Community Survey 5-Year Estimates

EMPLOYMENT CHARACTERISTICS, 2013

With just 64.9 percent of the population aged 16 years and over in the labor force, Northwest had much lower labor force participation rates than the state's 70.3 percent. The region had lower labor force participation rates for every age group except 16 to 19 year olds. Age groups 55 and older had the lowest labor force participation rates when compared to state averages (see Table 4).

Northwest also had much lower participation rates for most race groups, except American Indian and Asian workers. However, American Indians had a huge unemployment rate disparity in the region, as did Hispanic or Latino workers. Northwest had more than 17,000 veterans in the labor force in the region, with relatively low unemployment rates. In contrast, unemployment rates were highest for young people, minorities, workers with disabilities, and people with lower educational attainment.

Table 4. Northwest Minnesota Employment Characteristics, 2013

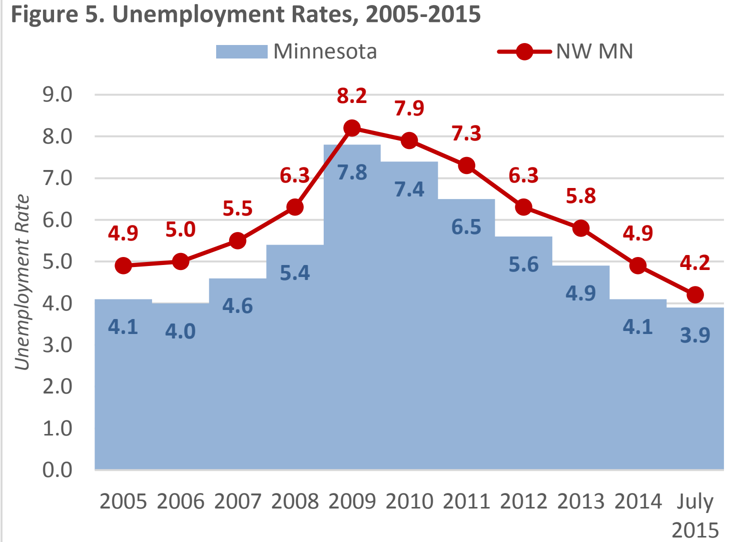
	Northwest Minnesota			Minnesota	
Age Group	Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	**286,611**	**64.9%**	**6.9%**	**70.3%**	**7.1%**
16 to 19 years	17,311	55.9%	16.1%	50.9%	20.2%
20 to 24 years	28,142	80.3%	12.1%	81.6%	11.2%
25 to 44 years	105,563	87.5%	6.5%	88.2%	6.3%
45 to 54 years	68,839	86.3%	5.2%	87.5%	5.6%
55 to 64 years	51,574	68.0%	5.2%	71.7%	5.5%
65 to 74 years	12,540	24.0%	3.9%	26.5%	4.5%
75 years & over	2,725	5.8%	3.7%	5.8%	4.6%
Race & Hispanic Origin					
White alone	268,616	64.9%	6.2%	70.5%	6.3%
Black or African American	1,668	61.7%	16.0%	67.6%	17.5%
American Indian & Alaska Native	9,006	62.3%	22.4%	60.1%	18.8%
Asian	2,001	71.5%	9.2%	69.8%	8.5%
Some Other Race	1,588	68.9%	10.8%	77.6%	10.9%
Two or More Races	3,529	65.2%	14.2%	69.0%	14.4%
Hispanic or Latino	5,473	69.1%	13.9%	75.1%	10.4%
Veteran Status					
18 to 64 years	17,163	72.8%	7.6%	68.0%	8.5%
Disability					
With Any Disability	16,669	50.4%	12.5%	51.6%	14.6%
Educational Attainment					
Population 25 to 64 years	225,954	81.8%	5.8%	84.2%	5.9%
Less than H.S. Diploma	11,477	65.8%	14.6%	66.9%	14.6%
H.S. Diploma or Equivalent	65,356	77.8%	7.3%	79.4%	8.0%
Some College or Assoc. Degree	94,659	84.4%	5.4%	85.6%	6.1%
Bachelor's Degree or Higher	54,461	87.1%	2.8%	89.1%	3.4%

Source: 2009-2013 American Community Survey, 5-Year Estimates

UNEMPLOYMENT RATES, 2005-2015

Northwest Minnesota has consistently reported higher unemployment rates than the rest of Minnesota, regardless of the state of the economy. According to the Local Area Unemployment Statistics program, the unemployment rate in the region hovered nearly 1.0 percent above the state rate from 2005 to 2008, but narrowed the gap even while the rate climbed to a peak of 8.2 percent in 2009 at the height of the recession (see Figure 5). EDR 4 – West Central was the only region in Northwest to have an unemployment rate below the state average as of June 2015, while rates were 4.8 percent or above in EDR 1, EDR 2, and EDR 5.

Figure 5. Unemployment Rates, 2005-2015



Source: DEED Local Area Unemployment Statistics (LAUS)

COMMUTE SHED AND LABOR SHED, 2012

According to commuting data from the U.S. Census Bureau, the vast majority – about 72 percent – of workers in the region also live within the region. However, Northwest Minnesota is a net exporter of labor, having fewer jobs than available workers. In sum, 182,561 workers both lived and worked in Northwest in 2013, while another 34,318 workers drove into the region for work. This is compared to 70,707 workers who lived in the region but drove to outside counties for work (see Table 5 and Figure 6).

Table 5. Northwest Minnesota Inflow/ Outflow Job Counts (All Jobs), 2013	2013	
	Count	Share
Employed in the Selection Area	216,879	100.0%
Employed in the Selection Area but Living Outside	34,318	15.8%
Employed and Living in the Selection Area	182,561	84.2%
Living in the Selection Area	253,268	100.0%
Living in the Selection Area but Employed Outside	70,707	27.9%
Living and Employed in the Selection Area	182,561	72.1%

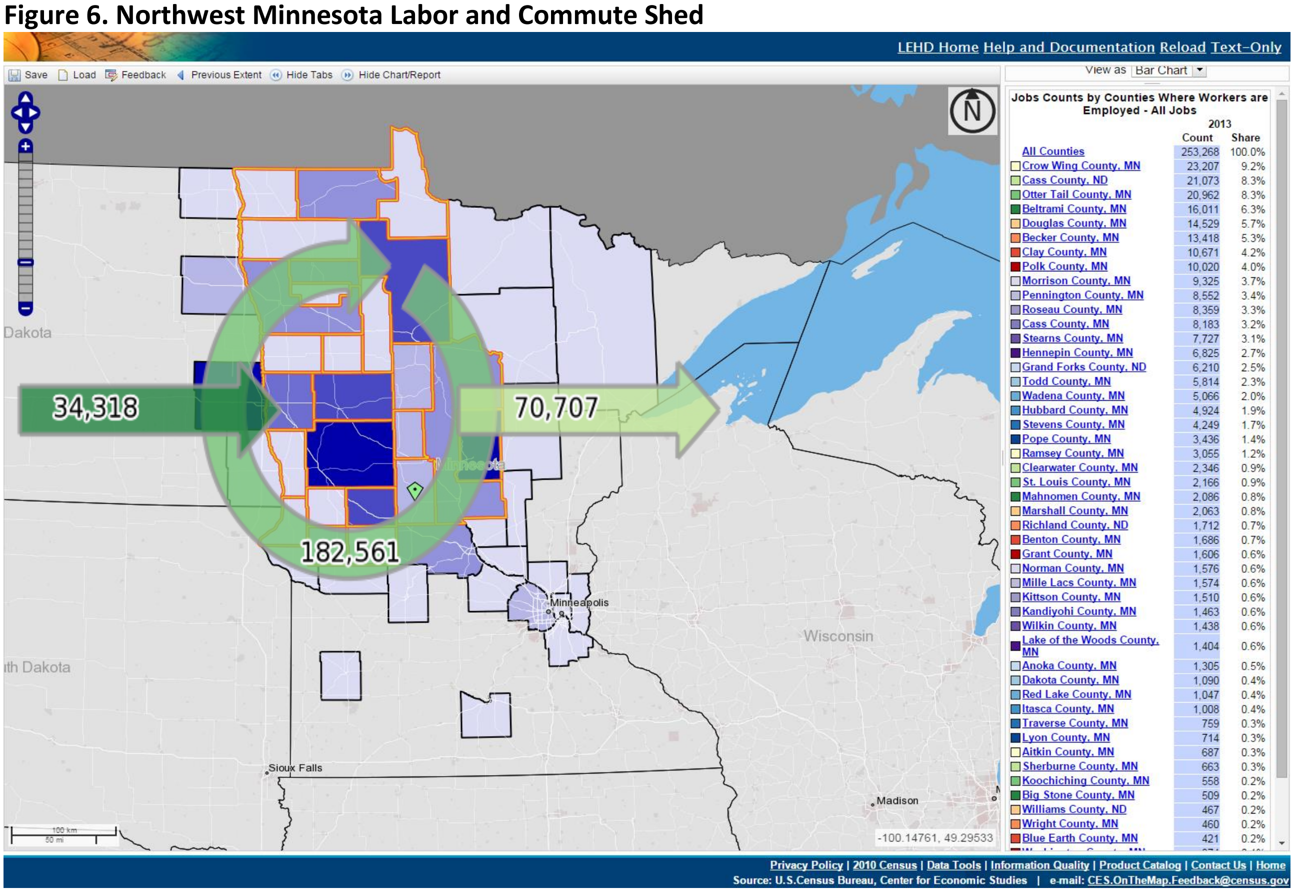
Source: U.S. Census Bureau, OnTheMap

Otter Tail County is the largest employment center in the planning area, and was the biggest draw for workers, followed by Crow Wing, Beltrami, Douglas, Becker, and Clay County. Employers in the region draw workers from surrounding counties like Cass (North Dakota), Stearns, Grand Forks (North Dakota), and Itasca. Workers also travel to these same counties for work, primarily to the Fargo and Grand Forks metropolitan areas in North Dakota, as well as both Hennepin and Ramsey counties (see Table 6 and Figure 6).

Table 6. Northwest Commuting Patterns	
Counties outside NW MN that send the most workers into the region	Counties outside NW MN that the most workers from inside the region travel to
Cass County, ND	Cass County, ND
Stearns County, MN	Stearns County, MN
Grand Forks Co., ND	Hennepin County, MN
Hennepin County, MN	Grand Forks Co., MN
Itasca County, MN	Ramsey County, MN

Source: U.S. Census Bureau, OnTheMap

Figure 6. Northwest Minnesota Labor and Commute Shed

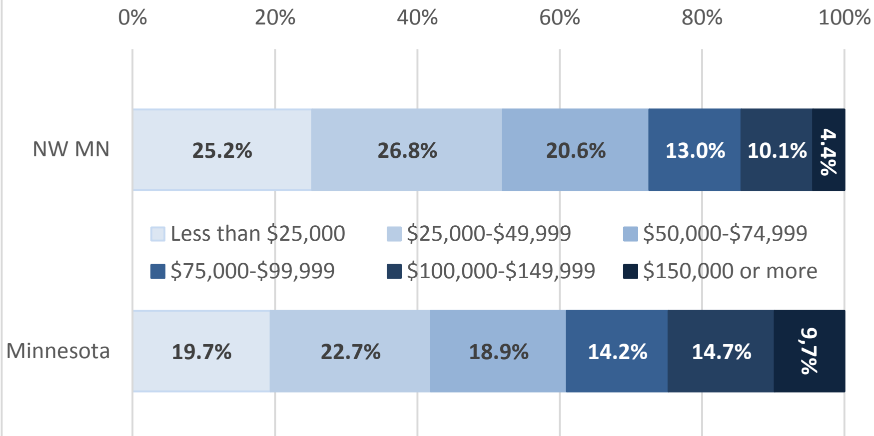


INCOMES, WAGES AND OCCUPATIONS

HOUSEHOLD INCOMES

Household incomes were significantly lower in Northwest than the rest of the state. Median household incomes ranged from $36,928 in Wadena County, which was the lowest in the state, to $54,206 in Stevens County, which was 21st highest. Over half (52%) of the households in the region had incomes below $50,000 in 2013, compared to 42.4 percent statewide. About one-third of households earned between $50,000 and $100,000 in Northwest. In contrast, only 14.5 percent of households earned over $100,000 per year, compared to nearly 25 percent of households statewide (see Figure 7).

Figure 7. Household Incomes, 2013

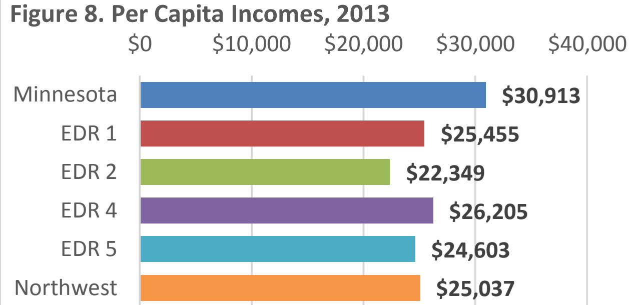


Source: U.S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimates

PER CAPITA INCOMES

Per capita incomes were also lower in the region than the state, at 25,037 in 2013, compared to $30,913 statewide. Per capita incomes ranged from $22,349 in EDR 2 - Headwaters to $26,205 in EDR 4 – West Central (see Figure 8). Mahnomen County had the highest percentage of the population in poverty at 27.2 percent, which was 13.7 percent higher than the statewide rate.

Figure 8. Per Capita Incomes, 2013



Source: American Community Survey

COST OF LIVING

According to DEED's Cost of Living tool, the basic needs budget for an average Minnesota family (which consists of 2 adults and 1 child, with 1 full-time and 1 part-time worker) was $50,988 in 2015. The cost of living for a similar family in Northwest Minnesota was $43,464 – which was over $7,000 less than the state average. The highest monthly costs were for transportation, food, and housing; but the region's housing, child care, taxes, and transportation costs were significantly lower than the rest of the state (see Table 7).

In order to meet the basic cost of living for the region, the workers in the family scenario described would need to earn $13.93 per hour. Of the regions in Northwest Minnesota, EDR 1-Northwest had the lowest basic needs budget at $40,812 for 2015, while EDR 5-North Central registered the highest yearly costs for an average family at $45,876, with the largest cost differences found in transportation and taxes.

Table 7. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015

Region	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs: Child Care	Food	Health Care	Housing	Trans-portation	Other	Taxes
Northwest	$43,464	$13.93	$220	$760	$399	$700	$1,047	$204	$292
Minnesota	$50,988	$16.34	$443	$772	$405	$907	$1,039	$235	$448

Source: DEED Cost of Living tool

WAGES AND OCCUPATIONS

The median hourly wage for all occupations in Northwest Minnesota was $15.42 in the first quarter of 2015. As such, Northwest has the second lowest wage level of the six planning areas in the state. Further, Northwest's median wage was over $3.00 below the state's median hourly wage, and over $5.00 below the median hourly wage in the Twin Cities metro area, which would amount to over $10,000 per year for a full-time worker. Compared to surrounding areas, Northwest's median hourly wage was over $1.00 per hour less than Central at $16.66 and Northeast at $16.58 (see Table 8). Interestingly, within Northwest, EDR 5-North Central had the lowest median wage, despite having the highest cost of living.

Table 8. Occupational Employment Statistics by Area, 1st Qtr. 2015	Median Hourly Wage	Estimated Regional Employment
Northwest Planning Area	**$15.42**	**203,060**
EDR 1 - Northwest	$16.39	36,130
EDR 2 - Headwaters	$15.77	27,330
EDR 4 - West Central	$15.66	83,540
EDR 5 - North Central	$14.37	56,050
Northeast Planning Area	$16.58	141,800
Central Planning Area	$16.66	263,270
Southwest Planning Area	$15.48	177,030
Southeast Planning Area	$17.74	$253,990
Twin Cities Metro Area	$20.49	1,691,650
State of Minnesota	**$18.65**	**2,730,020**
Source: DEED Occupational Employment Statistics		

Not surprisingly, the lowest-paying jobs are concentrated in food preparation and serving, sales and related, personal care and service, and building, grounds cleaning and maintenance jobs, which tend to have lower educational and training requirements. For the most part, the gap in pay between Northwest and the state is also much lower in these jobs. Wages are most competitive in the region in production, transportation and material moving, building and grounds cleaning and maintenance, and protective service occupations (see Table 9).

Table 9. Northwest Minnesota Occupational Employment Statistics, 1st Qtr. 2015	Northwest Minnesota				State of Minnesota		
	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*	*Location Quotient*	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*
Total, All Occupations	**$15.42**	**203,060**	***100.0%***	***1.0***	**$18.65**	**2,730,020**	***100.0%***
Office & Administrative Support	$14.88	32,310	*15.9%*	*1.1*	$17.27	409,100	*15.0%*
Production	$15.75	24,650	*12.1%*	*1.5*	$16.61	217,830	*8.0%*
Sales & Related	$11.46	20,380	*10.0%*	*1.0*	$13.24	270,540	*9.9%*
Education, Training, & Library	$21.18	17,270	*8.5%*	*1.5*	$22.72	156,090	*5.7%*
Transportation & Material Moving	$15.11	15,250	*7.5%*	*1.2*	$16.18	167,130	*6.1%*
Healthcare Practitioners & Technical	$26.12	12,260	*6.0%*	*1.0*	$31.54	160,390	*5.9%*
Management	$36.19	9,000	*4.4%*	*0.7*	$47.47	165,730	*6.1%*
Construction & Extraction	$18.63	8,540	*4.2%*	*1.3*	$24.88	91,240	*3.3%*
Healthcare Support	$12.04	8,280	*4.1%*	*1.2*	$13.63	89,360	*3.3%*
Personal Care & Service	$10.58	7,750	*3.8%*	*0.9*	$11.11	120,000	*4.4%*
Installation, Maintenance, & Repair	$18.59	7,740	*3.8%*	*1.1*	$21.52	94,310	*3.5%*
Building & Grounds Cleaning & Maint.	$11.69	7,060	*3.5%*	*1.2*	$12.03	81,560	*3.0%*
Food Preparation & Serving Related	$9.15	7,010	*3.5%*	*0.4*	$9.21	228,640	*8.4%*
Business & Financial Operations	$25.17	6,120	*3.0%*	*0.5*	$30.37	159,970	*5.9%*
Protective Service	$18.99	5,260	*2.6%*	*1.6*	$19.43	43,660	*1.6%*
Community & Social Service	$18.74	5,010	*2.5%*	*1.4*	$20.51	49,210	*1.8%*
Architecture & Engineering	$27.50	2,790	*1.4%*	*0.7*	$34.76	50,980	*1.9%*
Computer & Mathematical	$28.65	2,060	*1.0%*	*0.3*	$37.96	91,560	*3.4%*
Arts, Design, Entertainment & Media	$17.05	1,560	*0.8%*	*0.6*	$21.82	36,430	*1.3%*
Life, Physical, & Social Science	$24.91	1,480	*0.7%*	*0.8*	$30.29	24,410	*0.9%*
Farming, Fishing, & Forestry	$12.15	860	*0.4%*	*3.2*	$14.41	3,570	*0.1%*
Legal	$26.17	410	*0.2%*	*0.3*	$38.48	18,330	*0.7%*
Source: DEED Occupational Employment Statistics, Qtr. 1 2015							

In contrast, the highest paying jobs are found in management, architecture and engineering, computer and mathematical, healthcare practitioners, legal, business and financial operations, and life, physical, and social science occupations. These all require higher levels of education and experience, including many that require bachelor's degrees or higher. However, the gaps in pay between the region and the state are much larger in these occupations.

JOB VACANCY SURVEY

Employers reported 10,560 job vacancies in the second quarter of 2015, which was the second highest number ever recorded. Overall, nearly half of the openings were part-time, and about one-third required postsecondary education. The median hourly wage offer was $11.77 (see Table 10).

Table 10. Northwest Minnesota Job Vacancy Survey Results, 2nd Qtr. 2015

	Number of Total Vacancies	Percent Part-time	Requiring Post-Secondary Education	Requiring 1 or More Years of Experience	Requiring Certificate or License	Median Hourly Wage Offer
Total, All Occupations	**10,560**	**47%**	**31%**	**27%**	**31%**	**$11.77**
Food Preparation & Serving Related	2,202	67%	1%	11%	5%	$9.00
Office & Administrative Support	947	55%	20%	16%	10%	$10.96
Sales & Related	927	75%	13%	18%	5%	$9.17
Production	896	6%	22%	26%	6%	$12.95
Healthcare Practitioners & Technical	840	36%	88%	47%	87%	$21.17
Transportation & Material Moving	746	57%	3%	39%	79%	$13.41
Building & Grounds Cleaning & Maintenance	643	64%	2%	7%	8%	$8.98
Education, Training, & Library	565	39%	97%	34%	73%	$17.40
Healthcare Support	508	57%	45%	8%	68%	$10.99
Personal Care & Service	417	43%	34%	7%	24%	$10.13
Installation, Maintenance, & Repair	335	19%	47%	31%	47%	$15.45
Construction & Extraction	296	1%	20%	62%	27%	$13.99
Management	233	10%	96%	88%	43%	$20.31
Business & Financial Operations	184	42%	52%	59%	25%	$16.63
Community & Social Service	173	9%	80%	78%	80%	$17.17
Life, Physical, & Social Science	141	18%	92%	86%	81%	$20.47
Farming, Fishing, & Forestry	135	31%	19%	19%	19%	$11.58
Computer & Mathematical	101	1%	90%	67%	19%	$17.05
Architecture & Engineering	93	1%	91%	84%	27%	$16.79
Arts, Design, Entertainment & Media	89	87%	9%	17%	37%	$10.61
Protective Service	82	30%	16%	51%	52%	$11.24

Source: DEED Job Vacancy Survey, 2nd Qtr. 2015

OCCUPATIONS IN DEMAND

According to DEED's Occupations in Demand tool, 180 occupations are showing relatively high demand in the region, with training and education requirements ranging from short-term on-the-job training to postsecondary education and advanced degrees. Almost half of the occupations in demand require a high school diploma or less, while 30 percent require some postsecondary training, a vocational award, or an associate's degree. About one-fourth require a bachelor's degree, with the rest needing advanced degrees.

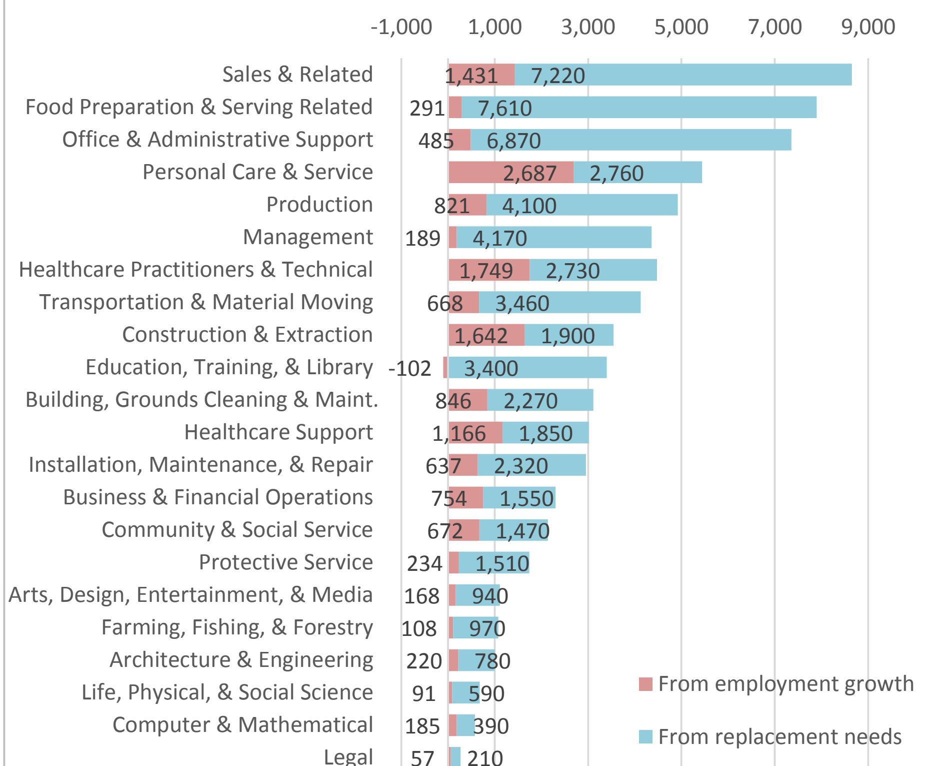
These occupations are spread across different sectors, but are concentrated in the region's major industries. For example, nursing assistants, auto mechanics, retail salespersons, and heavy and tractor trailer truck drivers are among the top occupations based on the consistent need for workers in these industries. Six of the top 25 jobs are manufacturing-related, six more are in health care, and five more are transportation-related (see Table 11).

Table 11. Northwest Minnesota Occupations in Demand by Education Level, 2014			
Less than High School	**High School or Equivalent**	**Some College or Assoc. Degree**	**Bachelor's Degree or Higher**
Cement Masons & Concrete Finishers ($35,672)	Automotive Service Techs. & Mechanics ($32,543)	Nursing Assistants ($23,478)	Physical Therapists ($74,528)
Cashiers ($19,086)	Welders, Cutters, Solderers, & Brazers ($43,902)	Heavy & Tractor-Trailer Truck Drivers ($36,246)	Management Analysts ($83,194)
Combined Food Preparation & Serving Workers ($18,181)	Maintenance & Repair Workers, General ($37,408)	Licensed Practical & Licensed Vocational Nurses ($37,113)	Loan Officers ($60,616)
Retail Salespersons ($20,931)	Machinists ($35,797)	Emergency Medical Techs. & Paramedics ($30,425)	Industrial Engineers ($73,081)
Laborers & Freight, Stock, & Material Movers ($30,910)	Customer Service Representatives ($30,678)	Medical Assistants ($28,800)	Industrial Production Managers ($77,503)
Personal Care Aides ($21,522)	Carpenters ($45,321)	First-Line Supervisors of Production Workers ($46,250)	Mechanical Engineers ($70,811)
Stock Clerks & Order Fillers ($20,461)	Office Clerks, General ($25,562)	Hairdressers, Hairstylists, & Cosmetologists ($24,875)	Medical & Health Services Managers ($80,021)
Landscaping & Grounds-keeping Workers ($22,076)	Sales Representatives, Wholesale & Mfg. ($55,561)	Dental Assistants ($35,475)	Clinical, Counseling & School Psychologists ($67,299)
Slaughterers & Meat Packers ($27,909)	Electricians ($45,000)	Computer Support Specialists ($38,352)	Pharmacists $133,404
Home Health Aides ($22,834)	Social & Human Service Assistants ($31,123)	Heating, A/C & Refrigeration Mechanics ($51,704)	Accountants & Auditors ($52,855)
			Source: DEED Occupations in Demand

EMPLOYMENT PROJECTIONS

The Northwest Minnesota planning area is projected to grow 5.9 percent from 2012 to 2022, a gain of nearly 15,000 new jobs. In addition, the region is also expected to need 59,060 replacement openings to fill jobs left vacant by retirements and other career changers. The number of replacement openings is expected to dwarf the number of new jobs in every group except for personal care and service occupations; primarily due to projected growth in personal care aides, and construction and extraction occupations. In contrast, seven occupational groups are expected to add less than 200 new jobs (see Figure 9).

Figure 9. Northwest Minnesota Employment Projections, 2012-2022

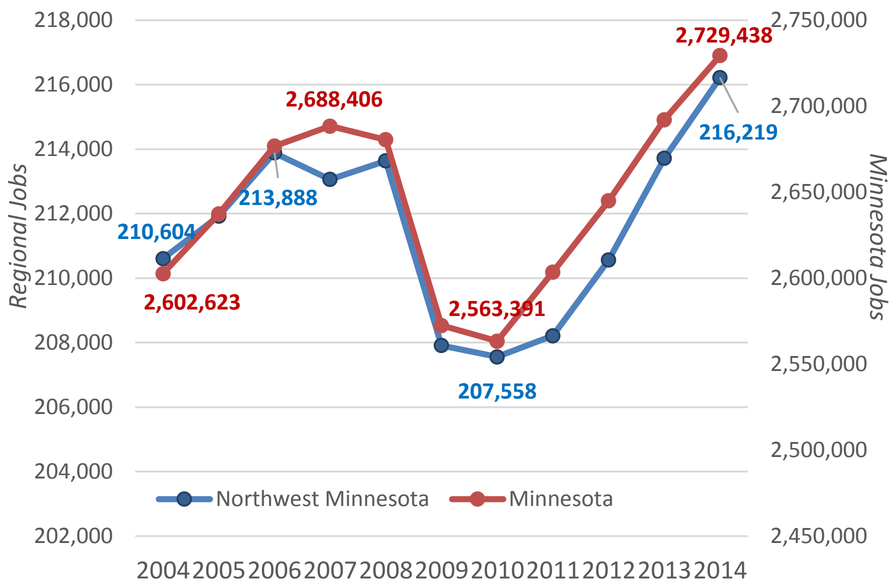


Source: DEED 2012-2022 Employment Outlook

ECONOMY

INDUSTRY EMPLOYMENT

Figure 10. Industry Employment Change, 2004-2014



Source: DEED Quarterly Census of Employment & Wages (QCEW)

In sum, Northwest Minnesota has seen employment growth over the past decade, gaining 5,615 net new jobs from 2004 to 2014. However, the region experienced ups and downs during the last 10 years. The region was growing more slowly than the state prior to the recession, but also saw smaller declines during the recession and therefore had a shorter road to recovery. Like the state, the region fully recovered all of the jobs lost during the recession by 2013, enjoying a 4.2 percent gain between 2010 and 2014, compared to the state's faster 6.5 percent increase (see Figure 10).

According to DEED's Quarterly Census of Employment & Wages (QCEW) program, Northwest Minnesota was home to 16,547 business establishments providing 216,219 covered jobs through 2014, with a total payroll of just over $7.7 billion. That was about 8 percent of total employment in the state of Minnesota. Average annual wages were $35,776 in the region, which was over $15,000 lower than the state's average annual wage (see Table 12).

Table 12. Northwest MN Industry Employment Statistics, 2014				Average Annual Wage	*2010-2014*		*2013-2014*	
Geography	Number of Firms	Number of Jobs	Total Payroll		*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Northwest Minnesota	**16,547**	**216,219**	**$7,739,243,667**	**$35,776**	***+8,661***	***+4.2%***	***+2,503***	***+1.2%***
EDR 1 – Northwest	2,681	38,001	$1,483,799,280	$39,000	*+1,937*	*+5.4%*	*+689*	*+1.8%*
EDR 2 – Headwaters	2,290	30,646	$1,067,846,273	$34,788	*+1,829*	*+6.3%*	*+543*	*+1.8%*
EDR 4 – West Central	6,737	87,025	$3,171,934,939	$36,400	*+3,999*	*+4.8%*	*+715*	*+0.8%*
EDR 5 – North Central	4,840	60,547	$2,015,663,175	$33,280	*+897*	*+1.5%*	*+556*	*+0.9%*
State of Minnesota	**164,409**	**2,729,438**	**$140,857,248,755**	**$51,584**	***+166,047***	***+6.5%***	***+37,321***	***+1.4%***

Source: DEED Quarterly Census of Employment & Wages (QCEW)

EDR 4 – West Central is the largest economic development region in Northwest in terms of employment, with 87,025 jobs at 6,737 firms; followed by EDR 5 – North Central with 60,547 jobs at 4,840 firms. EDR 2 – Headwaters was the smallest economy with 30,646 jobs, while EDR 1 – Northwest had the highest average annual wages in the region at $39,000, though that was still $12,500 less than the state. EDR 4 saw the largest job growth from 2010 to 2014, adding almost 4,000 jobs in that time. However, all four regions in Northwest added jobs since 2010, with the fastest increase occurring in EDR 2. All four regions in Northwest also gained jobs in the past year, with the region nearly matching the state's rate of job growth from 2013 to 2014 (see Table 12).

With 36,817 jobs at 1,464 establishments, healthcare and social assistance is the largest employing industry in Northwest Minnesota, accounting for 17 percent of total jobs in the region. That is approximately the same concentration of healthcare and social assistance in the state. However, Northwest lost jobs in this sector since 2010, while the state added nearly 35,000 healthcare jobs in that time, an 8.3 percent increase. Due to the region's older population, the largest sector was nursing and residential care facilities, followed by ambulatory health care services, hospitals, and social assistance.

The second largest industry in Northwest is manufacturing, which has 28,544 jobs at 819 establishments, after expanding 12.3 percent since 2010. This rate of growth was nearly twice that for manufacturing at the state level, which grew 6.7 percent. At $46,488, average annual wages were over $10,000 higher in manufacturing than the total of all industries in the area.

Retail trade is the third largest industry, with 27,670 jobs at 2,404 establishments. Wages are relatively low in retail trade, and the industry has seen very little job growth in Northwest in recent years.

Other important industries in Northwest include educational services, accommodation and food services, public administration, wholesale trade, construction, other services, transportation and warehousing, finance and insurance, and agriculture. Thirteen of the 20 main industries in the region added jobs since 2010, with huge gains in manufacturing, wholesale trade, administrative support – which includes temporary staffing agencies – and waste management services, construction, agriculture, and management of companies. Even more impressive, 16 of the 20 industries gained jobs in the past year, led by ongoing gains in wholesale trade, construction, manufacturing, and accommodation and food services. Only retail trade suffered notable job losses from 2013 to 2014 as the region's economy strengthened (see Table 13).

Table 13. Northwest Minnesota Industry Employment Statistics, 2014

	2014 Annual Data				Avg.	*2010-2014*		*2013-2014*	
NAICS Industry Title	Number of Firms	Number of Jobs	*Percent of Jobs*	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Total, All Industries	**16,547**	**216,219**	***100.0%***	**$7,739,243,667**	**$35,776**	***+8,661***	***+4.2%***	***+2,503***	***+1.2%***
Health Care & Social Assistance	1,464	36,817	*17.0%*	$1,358,401,526	$36,868	*-259*	*-0.7%*	*-4*	*0.0%*
Manufacturing	819	28,544	*13.2%*	$1,328,038,270	$46,488	*+3,131*	*+12.3%*	*+445*	*+1.6%*
Retail Trade	2,404	27,670	*12.8%*	$662,793,616	$23,920	*+97*	*+0.4%*	*-185*	*-0.7%*
Educational Services	364	21,346	*9.9%*	$828,094,118	$38,896	*-26*	*-0.1%*	*+80*	*+0.4%*
Accommodation & Food Services	1,470	20,393	*9.4%*	$270,532,765	$13,208	*+468*	*+2.3%*	*+378*	*+1.9%*
Public Administration	704	14,828	*6.9%*	$623,801,474	$42,068	*-21*	*-0.1%*	*+282*	*+1.9%*
Wholesale Trade	651	11,457	*5.3%*	$572,570,550	$49,972	*+1,764*	*+18.2%*	*+499*	*+4.6%*
Construction	2,152	10,505	*4.9%*	$476,775,428	$44,720	*+775*	*+8.0%*	*+471*	*+4.7%*
Other Services	1,459	6,361	*2.9%*	$128,365,271	$20,124	*+73*	*+1.2%*	*+148*	*+2.4%*
Transportation & Warehousing	865	6,128	*2.8%*	$235,611,780	$38,428	*+207*	*+3.5%*	*+96*	*+1.6%*
Finance & Insurance	854	5,788	*2.7%*	$274,091,859	$47,320	*-111*	*-1.9%*	*-21*	*-0.4%*
Admin. Support & Waste Mgmt. Svcs.	597	5,646	*2.6%*	$163,039,891	$28,860	*+1,868*	*+49.4%*	*+150*	*+2.7%*
Agriculture, Forestry, Fish & Hunting	713	4,783	*2.2%*	$174,772,102	$36,244	*+757*	*+18.8%*	*+59*	*+1.2%*
Arts, Entertainment, & Recreation	371	4,731	*2.2%*	$91,869,404	$19,552	*+55*	*+1.2%*	*+34*	*+0.7%*
Professional & Technical Services	834	4,320	*2.0%*	$199,374,268	$46,176	*+14*	*+0.3%*	*-41*	*-0.9%*
Information	237	2,997	*1.4%*	$123,521,103	$41,236	*N/A*	*N/A*	*+47*	*+1.6%*
Real Estate, Rental & Leasing	426	1,496	*0.7%*	$43,554,271	$29,120	*-23*	*-1.5%*	*+26*	*+1.8%*
Utilities	65	1,300	*0.6%*	$102,005,592	$78,520	*-35*	*-2.6%*	*+10*	*+0.8%*
Management of Companies	58	865	*0.4%*	$69,646,740	$80,444	*+297*	*+52.3%*	*+23*	*+2.7%*
Mining	42	243	*0.1%*	$12,383,639	$48,360	*+54*	*+28.6%*	*+7*	*+3.0%*

Source: DEED Quarterly Census of Employment & Wages (QCEW)

DISTINGUISHING INDUSTRIES

As shown above, Northwest Minnesota stands out in the state for its higher concentrations of employment in healthcare, manufacturing, agriculture, and wholesale trade. As previously stated, Northwest Minnesota has 8 percent of total state employment, but over 40 percent of the state's jobs in pipeline transportation; fishing, hunting and trapping; and transportation equipment manufacturing; leading to location quotients above 5.0 (see Table 14).

Table 14. Northwest Minnesota Distinguishing Industries, 2014

NAICS Industry Title	NAICS Code	Number of Firms	Number of Jobs	Total Payroll	Average Annual Wages	Location Quotient
Total, All Industries	**0**	**16,547**	**216,219**	**$7,739,243,667**	**$35,776**	**1.0**
Pipeline Transportation	486	22	307	$33,402,351	$109,200	6.3
Fishing, Hunting & Trapping	114	7	62	$919,586	$16,016	5.8
Transportation Equipment Manufacturing	336	37	4,853	$271,737,802	$56,108	5.3
Forestry & Logging	113	54	329	$14,740,845	$44,772	4.4
Wood Product Manufacturing	321	72	3,513	$154,094,323	$43,836	4.1
Crop Production	111	409	2,038	$72,718,995	$35,412	3.8
Support Activities for Agriculture & Forestry	115	112	579	$21,227,620	$36,452	3.3
National Security & International Affairs	928	9	523	$27,646,830	$52,884	2.9
Textile Product Mills	314	18	454	$11,181,125	$24,596	2.3
Accommodation	721	392	5,538	$90,864,573	$16,536	2.1

Source: DEED Quarterly Census of Employment & Wages (QCEW)

INDUSTRY PROJECTIONS

The 26-county Northwest Minnesota Planning Region is projected to grow 5.9 percent from 2012 to 2022, a gain of 14,999 new jobs.

The largest and fastest growing industry is expected to be health care and social assistance, which may account for nearly 40 percent of total projected growth in the region. Northwest is also expected to see significant employment growth in retail trade, construction, wholesale trade, and agriculture, forestry, fishing and hunting. In contrast, the region is expected to see declines in finance and insurance, information, utilities, and mining (see Table 15).

Table 15. Northwest Minnesota Industry Projections, 2012-2022

Industry	Estimated Employment 2012	Projected Employment 2022	Percent Change 2012-2022	Numeric Change 2012-2022
Total, All Industries	**254,122**	**269,121**	***+5.9%***	***+14,999***
Health Care & Social Assistance	32,742	38,734	*+18.3%*	*+5,992*
Retail Trade	27,570	29,508	*+7.0%*	*+1,938*
Manufacturing	27,195	28,176	*+3.6%*	*+981*
Accommodation & Food Services	19,495	19,925	*+2.2%*	*+430*
Wholesale Trade	11,144	12,001	*+7.7%*	*+857*
Construction	9,165	10,585	*+15.5%*	*+1,420*
Other Services	10,198	10,337	*+1.4%*	*+139*
Agriculture, Forestry, Fish & Hunting	5,745	6,161	*+7.2%*	*+416*
Finance & Insurance	5,747	5,689	*-1.0%*	*-58*
Transportation & Warehousing	5,302	5,443	*+2.7%*	*+141*
Arts, Entertainment, & Recreation	4,939	5,173	*+4.7%*	*+234*
Professional & Technical Services	4,585	4,953	*+8.0%*	*+368*
Admin. Support & Waste Mgmt. Svc	4,273	4,647	*+8.8%*	*+374*
Information	2,902	2,539	*-12.5%*	*-363*
Educational Services	2,446	2,490	*+1.8%*	*+44*
Real Estate, Rental & Leasing	1,376	1,539	*+11.8%*	*+163*
Utilities	1,184	1,068	*-9.8%*	*-116*
Management of Companies	679	767	*+13.0%*	*+88*
Mining	261	226	*-13.4%*	*-35*

Source: DEED 2012-2022 Employment Outlook

EMPLOYERS BY SIZE CLASS

The vast majority of businesses in Northwest Minnesota are small businesses, with 57.3 percent of businesses reporting 1 to 4 employees in 2013, according to County Business Patterns from the U.S. Census Bureau. Another 32.1 percent had between 5 and 19 employees, 9.1 percent had between 20 and 99 employees, with 248 businesses in the region having 100 or more employees. Just 22 businesses in the area had more than 500 employees, which is the Small Business Administration's official cut off for a "small business". Small businesses are vital to the region's economy (see Table 16).

Table 16. Employers by Size Class, 2013			
	Northwest		Minnesota
Number of Employees	Number of Firms	Percent of Firms	Percent of Firms
1-4	8,948	57.3%	54.2%
5-9	3,104	19.9%	17.7%
10-19	1,903	12.2%	13.4%
20-49	1,101	7.1%	8.9%
50-99	308	2.0%	3.2%
100-249	173	1.1%	1.9%
250-499	53	0.3%	0.5%
500-999	13	0.1%	0.2%
1,000 or more	9	0.1%	0.1%
Total Firms	**15,612**	**100.0%**	**100.0%**

Source: U.S. Census, County Business Patterns

NONEMPLOYER ESTABLISHMENTS

Before growing, the basic building block of most small businesses is a self-employed business. Northwest Minnesota was home to 42,014 self-employed businesses or "non-employers" in 2013, which are defined by the U.S. Census Bureau as "businesses without paid employees that are subject to federal income tax, originating from tax return information of the Internal Revenue Service (IRS)." Much like covered employment, Northwest Minnesota has seen a slower but steady increase in non-employers over the past decade, with three of the four EDRs seeing an increase. In sum, the region gained 1,530 new non-employers from 2003 to 2013, a 3.8 percent increase, compared to an 11.5 percent increase statewide. Northwest non-employers generated sales receipts of nearly $1.8 billion in 2013 (see Table 17).

Table 17. Nonemployer Statistics, 2013				
	2013		*2003-2013*	
	Number of Firms	Receipts ($1,000s)	*Change in Firms*	*Percent Change*
Northwest	**42,014**	**$1,778,764**	***+1,530***	***+3.8%***
EDR 1	5,928	$231,320	*+31*	*+0.5%*
EDR 2	5,980	$220,970	*-230*	*-3.7%*
EDR 4	17,521	$774,415	*+1,423*	*+8.8%*
EDR 5	12,585	$552,059	*+306*	*+2.5%*
State of Minnesota	**388,900**	**$17,268,230**	***+40,173***	***+11.5%***

Source: U.S. Census, Nonemployer Statistics program

CENSUS OF AGRICULTURE

Finally, one of the most important industries in Northwest is agriculture, with 21,969 farms producing more than $5.4 billion in the market value of products sold in 2012, according to the U.S. Department of Agriculture. Northwest had 29.5 percent of the state's farms, and 25.6 percent of the state's total market value, led by EDR 4 and EDR 1, which are home to the Red River Valley and among the top EDRs in the state for the market value of products sold. Despite seeing a small decline in the number of farms, the region saw nearly an 80 percent increase in the market value of products sold from 2007 to 2012, as many farms grew in size and commodity prices increased (see Table 18).

Table 18. Census of Agriculture, 2012			*Change in Market Value, 2007-2012*
	Number of Farms	Market Value of Products Sold	
Northwest Minnesota	**21,969**	**$5,456,137,000**	***+78.6%***
EDR 1	5,438	$1,694,302,000	*+67.0%*
EDR 2	2,004	$224,650,000	*+75.4%*
EDR 4	8,917	$2,745,767,000	*+93.0%*
EDR 5	5,610	$791,418,000	*+62.0%*
State of Minnesota	**74,542**	**$21,280,184,000**	***+61.5%***

Source: 2012 Census of Agriculture